

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN DAVE KASTEN**, on January 27, 2003 at 8:30 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Dave Kasten, Chairman (R)
Sen. Tom Zook, Vice Chairman (R)
Rep. Christine Kaufmann (D)
Sen. Joseph (Joe) Tropila (D)
Rep. John Witt (R)

Members Excused: Sen. Bob Keenan (R)
Sen. Jon Tester (D)

Members Absent: None.

Staff Present: Catherine Duncan, Legislative Branch
Jane Hamman, OBPP
CJ Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 7, RECLAMATION AND DEVELOPMENT
GRANT PROGRAM (RDGP) - VOLUME 5
Executive Action: None

HEARING ON HB 7**Governor's Office of Economic Development-Growing Carbon,
RDGP-Project #11 Page 30**

CHAIRMAN KASTEN opened the hearing on the Governor's Office of Economic Development-Growing Carbon, RDGP-Project #11 Page 30.

Greg Mills, RDGP-DNRC, informed the Committee that the ranking numbers on the agenda do not reflect the project numbers, such as Project #11 is ranked at #12, and etc.

Mr. Mills said this project establishes a program to secure a package that will market carbon credit trades internationally through a Montana based nonprofit group called National Carbon Offset Coalition (NCOC). The program addresses the issue of greenhouse gases and global warming. It is designed to implement carbon sequestration activities that will reduce omissions and/or increase the transfer of CO₂ from the atmosphere to stable agricultural soils and forests. The successful marketing of carbon credits to the industry and other investors offers a new and potentially immense source of income for Montana. He said that DNRC is recommending the reduced funding amount of \$150,000.

Mark Lindberg, Governor's Office of Economic Opportunity, and Chairman of the Governor's Working Group to the National Carbon Offset Coalition, stated that this project will bring thousands of dollars into Montana. He said this will be accomplished through various conservation tillage practices, conservation rangeland and grazing practices, as well as conservation forest management practices, both on private and state lands. **Mr. Lindberg** distributed his written testimony, which he read. He stated that it was one year ago that President Bush announced his Global Climate Exchange Initiative for the United States, a voluntary market base approach, to reduce the amount of greenhouse gas emissions into the environment, specifically carbon. This initiative is a result of the United States not signing the Kyoto Treaty.

EXHIBIT(jlh17a01)

Ted Dodge, Rural Community Development (RCD) Coordinator, said this project is a product of six years of work by Montanans through the RCDs. Five years ago the Salish Kootenai Tribes contracted with Environmental Financial Products from Chicago, which licensed and put into place the first carbon credit trading board in the United States. He said another contractor, Neil Sampson located in Virginia, was the lead author on the intergovernmental pilot panel to find an exchange on this issue.

Mr. Sampson also provides technical assistance for the program. For six years this firm has been working mainly with individuals, but in the last two years, they have been working with the Montana State University (MSU). He said that MSU has traded carbon credits with a firm based in London, England, and has placed these credits in the DOE (U.S. Department of Energy) registry for the Montana Power Company from another project. He said that this work has placed the organization, and the Governor's Office Carbon Sequestration group, in the lead position. **Mr. Dodge** discussed the Carbon Credit Registry that will be on-line later this year.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 10}

Mary Seccombe, President of the National Carbon Offset Coalition (NCOC), distributed a copy of her testimony, which she read. She said they are requesting a grant of \$300,000, which will allow the sequestration of carbon through natural resource-based programs to reverse soil, water, and air degradation.

EXHIBIT (j1h17a02)

Opponents: None

Questions from Committee Members and Responses:

SEN. ZOOK asked Ted Dodge if the NCOC is strictly a Montana group. **Mr. Dodge** replied that is correct. He said that the coalition board of directors is made up of the State's RC&Ds, the Montana Water Shedding Organization, Mark Lindberg and staff from the Governor's Office, DEQ and DNRC. **SEN. ZOOK** asked where the NCOC is trading these credits. **Mr. Dodge** responded that two years ago they received a grant from the Reclamation and Resource Development Program which assisted NCOC in contacting a firm in London where they were able to trade 50,000 tons of carbon credits with the Salish Kootenai Tribes as a pilot trade. Other projects were put into place in nine other Communities in southwestern Montana with the Montana Power Company that has traded carbon credits, and are registered in the DOE1605 registry. The NCOC contracted with the Chicago Climate Exchange, which has a large number of firms in the United States to put together a private trading organization. He said this firm has projects with the Nez Percé Tribe in Idaho, a project on the market with a company in Texas called Advanced Energy, and four other projects located in Montana.

Mr. Dodge and **Mr. Lindberg** responded to questions from the Committee members on the sequestration of carbon credits, incentive for tax credits, and other financial assistance.

SEN. ZOOK wanted to know why Mr. Lindberg and Mr. Dodge are before the Committee asking for a \$300,000 grant if they have other funds in place. They responded that these dollars will take this project one step further. They said that NCOC has the tools in place to be the negotiator between farmers and ranchers, and the industries of Montana that omit carbon, by connecting them with companies who are willing to purchase these carbon credits.

{Tape: 1; Side: A; Approx. Time Counter: 10 - 30}

CHAIRMAN KASTEN congratulated Mark Lindberg for his role in putting this project into place. He closed the hearing on Project #11.

**Montana Department of Environmental Quality (DEQ)
Washington Mine and Mill Reclamation,
RDGP-Project #3 Page 9**

CHAIRMAN KASTEN opened the hearing on the Montana Department of Environmental Quality (DEQ)-Washington Mine and Mill Reclamation, RDGP-Project #3 Page 9.

Greg Mills, RDGP-DNRC, recommended the full grant of \$300,000 for this project. The Washington Mine ranks at number three out of 270 sites as evaluated in the "Abandoned Hardrock Mine Priority Sites."

Proponents:

Vic Andersen, DEQ-Mine Waste Cleanup Bureau Chief, presented a visual of the Washington Mine and Mill project. The Committee members asked questions and Mr. Andersen responded while going through the slide show.

Opponents: None

Questions from Committee Members and Responses:

The Committee members discussed the cost of reclaiming the mine.

CHAIRMAN KASTEN closed the hearing on Project #3.

**DEQ-Drummlummon and Argo Millsite,
Project #7 Page 20**

CHAIRMAN KASTEN opened the hearing on DEQ-Drummlummon and Argo Mill site, Project #7 Page 20.

Greg Mills, RDGP-DNRC, recommended the full \$300,000 grant for this project. He informed the Committee that this project is part of three sites mentioned in John Tubbs' presentation on Friday, January 24, 2003.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

The Committee members discussed the cost and reclaiming of the mine. **Mr. Andersen** responded to the Committee's questions.

{Tape: 1; Side: B; Approx. Time Counter: 12 - 20}

CHAIRMAN KASTEN closed the hearing on Project #7.

**DEQ-Bluebird Mine Reclamation,
RDGP-Project #9 Page 24**

CHAIRMAN KASTEN opened the hearing on DEQ-Bluebird Mine Reclamation, RDGP-Project #9 Page 24.

Greg Mills, RDGP-DNRC, said they recommend the grant for \$200,000.

Proponents: None

Opponents: None

Questions from Committee Members and Responses: The Committee members discussed the cost and reclaiming of the mine.

CHAIRMAN KASTEN closed the hearing on Project #9.

{Tape: 1; Side: B; Approx. Time Counter: 20 - 25}

**DEQ-Broadway/Victoria Mine Reclamation,
RDGP-Page 47**

CHAIRMAN KASTEN opened the hearing on DEQ-Broadway/Victoria Mine Reclamation, Page 47.

Greg Mills, RDGP-DNRC, said that the application for this project fell below the funding line, and recommends no funding at this time.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

The Committee members discussed the cost and reclaiming of the mines, and asked Mr. Andersen questions.

CHAIRMAN KASTEN closed the hearing.

Greg Mills informed the Committee that this is the end of the hearing on the DEQ mine and waste cleanup projects.

{Tape: 1; Side: B; Approx. Time Counter: 25 - 30}

**DEQ-Browns Gulch Creek Restoration,
RDGP-Page 49**

CHAIRMAN KASTEN opened the hearing on DEQ-Browns Gulch Creek Restoration, RDGP-Page 49.

Greg Mills, RDGP-DNRC, said they recommend no funding for this project.

Proponents: None

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 7}

**DEQ-Former Equity Co-op Bulk Plant,
RDGP-Page 51**

CHAIRMAN KASTEN opened the hearing on DEQ-Former Equity Co-op Bulk Plant, RDGP-Page 51.

Greg Mills, RDGP-DNRC, said they recommend no funding for this project.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

The Committee members discussed the cost and cleanup of the Equity Bulk Plant site. **Sandy Olsen, DEQ,** informed the Committee that the responsible owner for this site is not financially able to do this cleanup, and also said that they do not qualify for federal or state funds.

CHAIRMAN KASTEN closed the hearing.

{Tape: 2; Side: A; Approx. Time Counter: 7 - 12}

**DEQ-Kendall/Hilger/King Gulch Tailings Removal,
RDGP-Page 54**

CHAIRMAN KASTEN opened the hearing on DEQ-Kendall/Hilger/King Gulch Tailings Removal, RDGP-Page 54.

Greg Mills, RDGP-DNRC, said they recommend no funding for this project.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

The Committee members discussed the cost and reclaiming of the mine tailings. **CHAIRMAN KASTEN** wanted to know why this project wasn't going to receive any funding when they have already started the Environmental Impact Study (EIS). **Mr. Mills** said that they didn't have enough information on their application.

CHAIRMAN KASTEN closed the hearing.

{Tape: 2; Side: A; Approx. Time Counter: 12 - 15}

**Town of Sunburst-Sunburst Water Supply Renovation,
RDGP-Project #5 Page 15**

CHAIRMAN KASTEN opened the hearing on the Town of Sunburst-Sunburst Water Supply Renovation, RDGP-Project #5 Page 15.

Greg Mills, RDGP-DNRC, said that the Community has requested funds for evaluating 12 existing water wells. He said of the two wells used for drinking water, one is contaminated. DNRC is recommending that they receive funds of \$185,249 for this project.

{Tape: 2; Side: A; Approx. Time Counter: 15 - 20}

CHAIRMAN KASTEN gave the secretary a letter from REP. EDITH CLARK, HD 88, stating her support for this project.

EXHIBIT(j1h17a03)

Gary Iverson, Mayor of the Town of Sunburst, stated his support for this project. He distributed written testimony, which he read.

EXHIBIT(j1h17a04)

SEN. JERRY BLACK, SD 44, said he supports this project. He stated that this project is essential for the survival of Sunburst. He informed the Committee that the high school in Sunburst has won more science awards than any other school in Montana. He said that about 15 years ago, the Sunburst telephone cooperative was one of the first all-digital companies in the nation. The Town is now the focus of Homeland Security because of their proximity to the border, and a number of security agents are moving in and making the Town of Sunburst their home.

SEN. GLENN ROUSH, SD 43, wanted to be on record in support of this project. He discussed the history of Sunburst when the Texaco Company drilled oil wells there from the 1930s to the 1950s.

Peter Norbeck, Montana Bureau of Mines and Geology, stated his support for this project and said that he is available for any questions the Committee might have.

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN asked Mayor Iverson to update the Committee from their last report in 1991. **Mayor Iverson** said that they have new plastic pipe in place, but they need a new transmission line to handle the growing population.

CHAIRMAN KASTEN closed the hearing on the Project #6.

{Tape: 2; Side: A; Approx. Time Counter: 20 - 29}

**DEQ-MTS Tire Recyclers Cleanup,
RDGP-Page 56**

CHAIRMAN KASTEN opened the hearing on DEQ-MTS Tire Recyclers Cleanup, RDGP-Page 56.

Greg Mills, RDGP-DNRC, said they recommend no funding for this project.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

The Committee asked how and where these tires will be disposed. **Mr. Mills** said that MTS did not give him any detail nor offer any alternatives on feasible options of disposal. He said that MTS thought they might bury them, but he didn't know where. **Mr. Mills** said this project was part of a hazardous waste project in the last session that wasn't funded.

CHAIRMAN KASTEN closed the hearing.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 3}

**University of Montana (U of M)-Recovery of Metals and
Remediation of Hazardous Mine Waste,
RDGP-Page 64**

CHAIRMAN KASTEN opened the hearing on University of Montana (U of M)-Recovery of Metals and Remediation of Hazardous Mine Waste, RDGP-Page 64.

Greg Mills, RDGP-DNRC, said this is a request for funds to demonstrate efficient metal recovery methods in sulfate removal

and metal sulfate reduction, a pilot project that is purely in a research stage, for the Clark Fork River basin. He said that DNRC recommends no funding.

Proponents: None

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing.

**City of Whitefish-Reclamation of Pre-1971 Opencut Minting,
RDGP-Page 66**

CHAIRMAN KASTEN opened the hearing on the City of Whitefish-Reclamation of Pre-1971 Opencut Minting, RDGP-Page 66.

Greg Mills, RDGP-DNRC, said that Whitefish is seeking funds for the reclamation and the subsequent development of a permitted gravel pit located on the southern edge of Whitefish. He said that the RDGP statute does not allow the department to fund projects that are permitted. He said that the Department of Transportation has an active permit for this site. **Mr. Mills** said that the department recommends no funding for this project.

Proponents: None

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing.

COMMITTEE BUSINESS

CHAIRMAN KASTEN informed the Committee that Todd Everts, LFA Legal, is working on language for the TSEP program before executive action is taken on HB 6, 7, 8 and 11. The Committee discussed the impact on these bills if HB 177 does or doesn't pass through the House Appropriations Committee.

CHAIRMAN KASTEN adjourned the Committee.

ADJOURNMENT

Adjournment: 10:40 A.M.

REP. DAVE KASTEN, Chairman

CJ JOHNSON, Secretary

DK/CJ

EXHIBIT (j1h17aad)